INSTITUTE *of* STATISTICS
Oxford

Bulletin Vol. 15 *May 1953* *No. 5*

CONVERTIBILITY AND THE EUROPEAN PAYMENTS UNION

The meaning that should be attached to the idea of convertibility in the context of the next year or two is one to which much uncertainty attaches. About all that can be said with confidence is that an effective convertibility must give some additional rights to someone. The difficulty arises when one attempts to define these additional rights; it is much more easy to see who is the ‘ someone ’ to whom they are given. Fortunately, for the purpose under consideration, the more difficult problem can be avoided. One thing is quite clear; sterling convertibility is not meant to give additional rights to residents of the United Kingdom. For as far ahead as can be seen, exchange controls over both current and capital transactions are likely to continue. Nor does the British interpretation of convertibility seem to envisage substantial additional rights for sterling area residents; their central banks will still enjoy legal convertibility, but will be expected to continue to show restraint in their use of the privilege. For the purposes of this study, the outer sterling area will be regarded as an extension of the United Kingdom economy, following British policies passively. It is, of course, seriously open to question whether such a development is likely in fact, but it is a reasonable simplification of the problem. Dollar area residents can be given no additional rights over those they have at present. There remain residents of non-sterling non-dollar countries, of which the countries of Western Europe who are members of E.P.U. are quite the most important.

Convertibility, therefore, implies additional rights for residents of the other E.P.U. countries. The techniques by which these rights are granted and controlled are important, but not of fundamental interest for the present purpose. It is a matter of some importance for the British authorities' power of control over the situation whether these rights are for the purchases of currency or of commodities; if so, of what commodities; while if the rights are to purchase currencies, whether the purposes for which these purchases are made are restricted (for example, whether purchases can only be made for current purposes or whether they can also be made in order to move capital). It should be noted, however, that if substantial additional rights of any kind are given, the power of the British authorities to control the situation without actually withdrawing those rights again is a limited one. If, for example, continental countries can purchase a limited range of dollar goods with sterling, they can buy all their needs of these goods with sterling, and use their own earnings of dollars to buy other hard currency goods. If continental countries can use sterling for making current but not capital payments, once again there is the loophole of their own earnings of dollars, which can be used for capital transactions. To some extent, such activities can be avoided by agreement, but only if the continental government concerned is actively willing to co-operate, and has the power to enforce its own will within its own country. Moreover, agreements that prevented continental recipients of sterling from using it any more freely than they can at present would make a mockery of the whole procedure of introducing convertibility. Many holders of sterling would like (in present circumstances of prices, incomes and exchange rates) to use it for purposes for which they are not permitted to use it at present; effective convertibility must at least expand the rights of some of them. A legalistic interpretation of convertibility, giving rights with one hand and taking them away with another, would signify practically nothing.

Since effective convertibility means that members of E.P.U. will acquire additional rights with regard to the sterling that they acquire, the question of the effects of sterling convertibility on the relationships between Britain and E.P.U. is clearly of fundamental importance. Before considering these effects, it is desirable to summarise the principles upon which the European Payments Union is based. It is, in the first place, a clearing union, which each month settles net creditor or debtor positions between each individual member country and all the other members taken together. Like any other clearing system, it can only work successfully and permanently if the system is closed, that is, if each member is in balance in its payments with all other members when consideration is taken of a reasonably long period. If one member runs a persistent deficit or a persistent credit with the system, then correspondingly all the other members taken together must be running a steady surplus or deficit. Generally speaking, this means that the internal extension of credit from some countries to others will reach a point beyond which the creditors do not wish to extend it. Conceivably, a persistent creditor could offset a persistent debtor and leave all the other members in balance; then the significant membership from the point of view of the clearing arrangements excludes these two countries.

Although the principle on which the Union rests is that there shall be no persistent debtors or creditors, nevertheless the nature of the scheme accepts and in fact invites temporary surpluses and deficits. Overdraft rights and liabilities exist between the members; the extent to which these can be used by or against a country in the monthly settlement of deficits and credits depends upon the cumulative position it has reached. If it has, for example, already accumulated a heavy deficit, then most of further deficits have to be paid in gold, and only a small part of them by building up further overdrafts. Such lending and borrowing by overdrafts is the first line of defence against temporary fluctuations in the balance of payments of any member with the Union. A second line of defence has been agreement to permit countries in particular difficulties to impose restrictions on their trade with other members. The fundamental purpose of the E.P.U. was to establish a group of countries which would not discriminate in their trade with one another, and which would liberalise trade and payments between themselves as far as possible; correspondingly, they would tend to discriminate against outsiders. Reduction in the extent to which liberalisation had been taken has been necessary from time to time; but the basic aim of discrimination by members in favour of each other has been maintained.

What would be the effect of convertibility on this system? There are three main questions that must be answered as a subsidiary to indicating the answers to the main question. Firstly, is it envisaged that convertibility would involve free and fluctuating exchange rates, or could a pattern of fixed rates be maintained, as at present? (This pattern would not necessarily be the present pattern). Secondly, would rights of convertibility be granted by Britain alone, or would some others of the present members also grant convertibility for their currencies? Thirdly, would Britain and any other countries granting convertibility remain within the Union, or leave it?

The problems introduced by fluctuating exchange rates are not fundamental. Provision is, in fact, made for them in the agreements establishing the Union. A country with a fluctuating rate settles its accounts on the basis of an average rate of its dollar exchange rate over the month for which the accounts operate. The additional problem of allowing for several rates, all perhaps fluctuating sharply, is considerable but surmountable within the framework of existing arrangements.

The other two questions involve many more complications, and their answering will take up most of the rest of this paper. Each question allows of two alternative answers; sterling may or may not be accompanied by convertibility for other European currencies, and Britain may either remain in or leave E.P.U. The argument will proceed on the assumption that the main British emphasis is on granting convertibility through allowing purchases of commodities; the essential principles are the same, however, whether the commodity or the currency approach is used.[1]

Sterling Convertibility with British Membership of E.P.U.

The first possible set of events that may occur will be for sterling to be the only currency that becomes convertible and that Britain remains a member of the European Payments Union. The consequences can best be traced if we first assume that exchange rates and internal price and employment levels initially remain unchanged. It is possible to conceive of various ways in which a legalistic view of convertibility can be satisfied in these conditions. The form of convertibility could be established without any change in trade or payments patterns or in exchange rates if a new set of rules (perhaps imposed by the E.P.U. agreement) were enforced, which prevented European countries from using sterling to make payments to the dollar area or for dollar goods.[1] But effective convertibility, if it means anything, means that continental countries can shift to purchases of dollar goods.[1] These shifts they can carry out in various ways. To the extent that the British authorities permit it, they can use up sterling balances that have been acquired in the past; such action is not likely to be tolerated by Britain, and could be prevented, at least to the extent of preventing the balances that are owned by continental countries from being used up rapidly. The other alternatives open to continental countries cannot be controlled so easily, however, They can reduce their purchases from the sterling area, they can reduce purchases from other E.P.U. members, and to some extent they can perhaps increase sales to these areas. Finally, they can make additional purchases of dollar goods through Britain by running up their E.P.U. overdrafts. Regulations might be introduced to prevent this last alternative being extensively used, by refusing rights to purchase dollar goods to countries whose E.P.U. overdrafts are increasing; this would be a drastic limitation on effective convertibility, and would do nothing to solve the strains that would arise through countries shifting their purchases to dollar goods while maintaining their E.P.U. position in balance.

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[1] There is the important additional complication if the currency approach is employed, that each of the countries which has a bilateral surplus with Britain in any month might be tempted to hold that sterling in London or convert it into dollars, and not pay it into E.P.U. This complication is rather more apparent than real, however. Whichever approach is used, continental countries could increase their gold and dollar reserves by running down sterling reserves and by increasing their debts to E.P.U. An essential condition for a maintainable convertibility is that circumstances should exist such that continental countries do not wish to do this to an excessive extent.

If such regulations were not introduced, continental members of E.P.U. could increase their gold and dollar reserves by making most of their purchases of dollar goods through the agency of sterling. They could thereby retain their direct earnings of dollars to increase their reserves, while running into debt with E.P.U. In the limit, they might do this until they had exhausted their overdraft rights in E.P.U. and had to pay 100 per cent gold for purchases through Britain or from other E.P.U. countries. It is by no means certain that continental countries would wish to do this. If they have confidence in the continuation of sterling convertibility and of the E.P.U., and if they do not fear European depreciation in relation to the dollar, then it is a matter of relative indifference to them whether they hold their currency reserves as gold, dollars, sterling, or drawing rights against E.P.U. Any of these can in effect be used to make any purchase anywhere, if sterling is convertible and remains in E.P.U. This all depends on the supposition that there is no fear of European depreciation against the dollar ; as we shall see shortly, such a depreciation is a likely consequence of effective sterling convertibility ; but once such depreciation has occurred, a reasonably maintainable level may perhaps be attained, and then continental countries can regard E.P.U. drawing rights as currency reserves that are just as useful as gold itself.[1]

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[1] Convertibility which allows non-discrimination in monetary matters but at the same time demands increased discrimination in commercial policy is hardly effective in any real sense.

The tendency would be for the changes in European purchases considered in the last two paragraphs to improve Britain's payments balance with E.P.U. countries, because her increase in sales of dollars and dollar goods to Europe would be greater than Europe's reductions in sterling area purchases (since not all of the increase in purchases by Europe of dollar goods would be at the expense of sterling goods). At the same time, the sterling area's dollar balance would deteriorate, because of the purchase of goods or dollars to sell to Europe. Finally the sterling area's total balance of payments situation would deteriorate, because of reductions of European purchases of goods originating in the sterling area. At the same time, other E.P.U. countries would together be tending to run into deficit in E.P.U., because of increased purchases of dollar goods at the expense of their individual E.P.U. position, and because of reduced sales to one another. Some E.P.U. countries would probably be much more affected than others, but the general effect would be that continental countries would suffer an unfavourable balance both on E.P.U. and total foreign account, although they might be able to increase their gold and dollar reserves.

To deal with the situation that would arise by additional discrimination would be rather ridiculous.[2] Two ways in which such discrimination could operate are apparent. Continental countries could agree not to buy dollar goods; the pre-convertibility position would be restored. Alternatively, the sterling area could relax import restrictions on continental goods and increase restrictions on dollar goods, while the continental countries could increase restrictions on sterling imports. It is clear that if convertibility is to be effective and the current dollar gap is at all large, some other solution is needed to prevent the U.K. from using up all its dollar reserves and running up an immense surplus in E.P.U.

What is needed, if the position is to be stable, is that each country in E.P.U. shall be broadly, over a period of time, in payments balance with other E.P.U. countries. This is the principle on which E.P.U., as any other closed clearing system, must work. Other arrangements could be devised which do not involve this restriction, but they would fundamentally change the character of the Union. At present, this approximate payments balance is nearly all brought about by a balance in trade and capital transactions within the area; the rights to one member of using another member's currency outside the E.P.U. group (other than for payments to its 'subsidiary' members such as the outer sterling area) are at present relatively unimportant. With effective sterling convertibility, however, payments between London and the E.P.U. group would need to be in balance over time, and show no persistent trend ; but transactions for purchases of goods, services and assets originating in the sterling area and in other E.P.U. countries would no longer need to be in balance. European countries could buy less goods services and assets originating in the sterling area than they collectively sell to the sterling area. On the other hand, since sterling convertibility alone is being considered, the sterling area could not, in the long run, sell more of these items originating in the sterling area to Europe than move the other way.

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[1] There is, of course, no certainty that a lower exchange rate between the dollar and Europe would be permanently maintainable, once established. The development of the world economy may be such that there will be a continuing need for European (and British) depreciation. Such a tendency would make sterling convertibility all the harder to work, especially in a two centred world payments system, because particularly sharp depreciations might be expected to be concentrated at times of crisis.

[2] Although this seems to be the line of policy which some official circles seem to propose.

A maintainable position demands therefore, that there should be payments balance on each side of the triangle between the sterling area, the continental E.P.U., and the dollar area; but that there need not be ' transactions ' balance, because payments for European imports of dollar goods (whether or not they touch British ports on the way) can pass through London. To attain such a position, there is likely to be a need for depreciation of sterling and most other European currencies against the dollar. As we have seen, the position that might be expected to follow effective convertibility would be that most European countries would have general balance of payments difficulties, and that Britain would have a serious dollar deficit, bigger in amount than the balance of payments difficulties she would also incur. Some general tendency to depreciation against the dollar would be the answer, although some of the stronger European currencies and perhaps the currencies of many primary-producing countries might be able to resist the trend.

The more optimistic supporters of convertibility consider that these shifts in purchases that we have been considering would be so small that depreciation against the dollar would not be necessary, or alternatively that counteracting forces would prevent them from causing depreciation. Optimism on the first ground assumes that present excess demand for dollar goods in Europe is very small, or that some of it can be prevented from showing itself by continued discrimination, or that firm internal policies in non-dollar countries can choke it off. This implies either that the European dollar problem is almost non-existent, or that European countries would be willing to continue to tolerate a dollar problem for themselves even when they were no longer compelled to do so. As for the counteracting forces that may prevent depreciation even though convertibility may allow European countries to remove what is at present a serious dollar problem, the main force would be speculation. Sterling might appear such a valuable currency to hold that there would be speculative movements into sterling sufficient to maintain sterling at its present rate. It should be noted that to the extent that these movements are away from Europe, pressure on continental countries is increased. It may cogently be asked whether speculation could be strong enough to maintain Britain's dollar balance stable without wrecking E.P.U. ; moreover, the experience of 1925 suggests that caution should be used in taking advantage of speculative waves to try to consolidate an advanced position, and more recent experience questions the wisdom of increasing our short-term liabilities without a commensurate increase in our liquid assets.

Judgement about the strength of the effects considered in the last paragraph is necessarily provisional and controversial ; nevertheless, very many competent observers consider that such optimism can easily be exaggerated; the argument will therefore continue on the by-no-means unduly pessimistic assumptions that effective convertibility would demand substantial depreciation by Britain and many other non-dollar countries. In prevailing circumstances, this would almost certainly involve deterioration of the terms of trade of the depreciating countries, because of a rise in the home currency price of their imports from America and the other countries which do not depreciate. This means a reduction in the real income of these countries, as well as causing changes in the internal distribution of that income between various groups within those countries, which may be difficult to absorb.

ADVANTAGES OF CONVERTIBILITY TO EUROPE

The effects if European countries take advantage of effective convertibility would therefore differ considerably for different countries. The dollar countries would benefit in an unqualified manner, through improved terms of trade. Continental countries would be able to buy in the cheapest market and obtain dollar goods not obtainable elsewhere; on the other hand, most of them would suffer some loss of income because of adverse movements in their terms of trade. In addition, their effective currency reserves that could be used for making any kind of payment, anywhere, would be considerably larger than their actual reserves of gold and dollars. The whole of their E.P.U. drawing rights would be potentially available to make purchases in any market.

Britain would suffer an adverse movement in her terms of trade, but would still be discriminating against dollar goods. Moreover, the amount of her short-term liabilities payable in gold, dollars or any other currency would be increased; this is the other facet of the increased reserves of continental E.P.U. members. The whole of Britain's potential lending to E.P.U. is an additional direct potential drain on British reserves.

The outer sterling area might well improve its terms of trade, because the dollar prices of many of its raw material exports might be expected to maintain themselves; on the other hand, it would still be expected to discriminate against dollar goods. As for the effects of the additional short-term liabilities to which Britain would find herself committed, they can also be expected to cause trouble to outer sterling countries, by aggravating the sterling area's planning cycle, which has largely depended on the low level of reserves in relation to liabilities.

It is not certain, of course, that European countries would choose to use the full rights of convertibility if they were granted.[1] In the first place, they might be convinced that the real alternatives were the present position, and some degree of convertibility falling short of effective convertibility. They might be convinced that fully effective convertibility is at present impossible, and that it would be worth their while to show restraint and accept some of the advantages of convertibility. Such arrangements could lead to difficulties, in that any one country would find it in its own interest to try to get a rather bigger share of the dollars available; moreover, to the extent that they do give convertibility, they give rise to the kinds of costs and advantages to different countries mentioned earlier.

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[1] This is a distinct point from the unwillingness many of them appear to be showing to agree to any system of effective convertibility at all. This unwillingness probably reflects among other things their desire, motivated by self interest, to avoid the costs of a non-discriminatory system. By doing their best to avoid being given rights of convertibility, they can avoid being forced to be free.

The other form of restraint that may be used by European countries is that some of them may consider that the costs to themselves of reduction of discrimination against the dollar are so great that they do not think it worth their while to use the powers they do obtain to end discrimination. The difficulty is that the advantages of ending dollar discrimination accrue to the individual country concerned while the costs are borne by all. Moreover, different countries take different views of the costs and advantages to themselves of a general abandonment of discrimination; those to whom the advantages are large in relation to the costs are likely to take full advantage of powers to end their dollar problem; as more and more countries come to feel this way, still more will be justified in taking such a position, because the costs of the abandonment of discrimination by any particular country are spread over all.

European countries are likely, therefore, to use any power they can acquire to abandon discrimination; the more so because they feel they can rely on continued discrimination by Britain and the sterling area; some of the benefits of this discrimination and none of the costs accrue to themselves. If Britain and the outer sterling area abandon discrimination, a non-discriminatory world system is established, and all countries acquire both benefits and costs of giving up the luxury of a dollar problem ; although of course both costs and advantages are unequally shared. Even in these circumstances, Britain would still be left in a position which might be subjected to severe strain, since the dollar area is in effect made a subsidiary member of the sterling area through London, and Britain's short-term liabilities (in the form of potential E.P.U. drawing rights against herself) that are payable in gold or dollars, would be much greater than at present. Moreover, the strains inherent in a two-centred world payments system, in which a cyclical dollar shortage is likely to have immediate effects of speculation against sterling, would be at least as serious as in the inter-war world.

It has been suggested that the changes in payments flows that would follow effective convertibility would have to be met by exchange rate changes. If such changes did not occur, as might happen if speculative or other temporary factors made the position appear stable for a time, to be followed by a rapid appearance of underlying factors causing Britain's E.P.U. surplus to rise, the British surplus with E.P.U. might go so far that Britain would be unwilling to accept any more payment from Europe in the form of claims against E.P.U. Britain might well find herself in a position where she would only be willing to accept gold from Europe. This would be much the same as if Britain were to leave E.P.U. at the beginning of convertibility, with the difference that Britain would have run up a large and largely inconvertible claim against Europe.

BRITAIN IN E.P.U., PERMANENTLY AT 100 PER CENT GOLD POSITION

Before proceeding to consider the effects of sterling convertibility if Britain left E.P.U., an intermediate system must be mentioned, by which Britain would remain a member of E.P.U., but all her net deficits or surpluses with the E.P.U. group would be settled 100 per cent in gold, while sterling would not be convertible for individuals or for central banks of E.P.U. countries. If rights to purchase dollar commodities in London were granted at the same time, then the position would be that Britain would not suffer the additional strain of further short-term liabilities because of E.P.U. drawing rights against her. Beyond this, we must ask whether E.P.U. countries would find it necessary to impose discrimination against sterling goods. If discrimination against sterling goods were considered neither desirable nor necessary, the position would be that continental Europe would not be discriminating against anyone, and would have the advantages from E.P.U. of increased currency reserves, through drawing rights, while Britain would not suffer the disadvantage of short-term liabilities under E.P.U. Unfortunately, it is doubtful whether such a position could be stable; crudely, the extra European reserves must come from somewhere. E.P.U. might rapidly find its gold reserves falling, through having to pay out 100 per cent gold to Britain for continental purchases through Britain, while receiving less than 100 per cent gold from the continental purchasers, who by the act of purchase put themselves in deficit with E.P.U. It might well be necessary to prevent continental countries from making great use of their drawing rights to finance purchases from or through Britain, while leaving these drawing rights free to finance temporary deficits in intra-continental trade. Discrimination against sterling goods by continental countries would seem to be a likely, though by no means inevitable, consequence.

The other possible arrangement by which sterling would be 100 per cent convertible into gold for E.P.U. as a whole, but not for separate members of E.P.U. or residents of E.P.U. countries, would arise where purchase rights of dollar commodities in London were not granted at the same time. To individuals or individual countries this might well seem a rather formalistic sort of convertibility. Nevertheless, some of the advantages of convertibility could be granted to Europe in this way. An exchange rate could be established such that Britain and the rest of the sterling area had a continuing small deficit with Europe and suplus with America. Europe would therefore earn a steady stream of dollars, which would initially flow to Europe via British payments to E.P.U. The E.P.U. system would be 'open-ended,' with the width of the gap controllable by the British authorities (through exchange rate and import control policy). Such a scheme has the advantage of being easily controllable ; it provides Europe with a flow of dollars, although not with convertibility in any ordinary sense. The advantages to Britain of such a scheme are more obscure. Probably its main virtue would be as a temporary halting place on the way to full convertibility, with E.P.U. dropping out of existence.

Consequences if Britain Leaves E.P.U.

If sterling were convertible, and Britain were outside the E.P.U. system, demanding that net payments to herself should be made in dollars, gold, or sterling, then sterling would be as hard to E.P.U. countries as the dollar. Each country remaining in the E.P.U. group would find it necessary to balance its payments with the non-E.P.U. world as a whole ; it would have no reason to discriminate between dollar and sterling goods, but it might well think it worth while to discriminate against them taken together. Sterling countries might find themselves losing real income, compared with a multilateral non-discriminatory world, because of discrimination against themselves.

The possibility also deserves consideration, that if sterling becomes convertible, whether Britain remains inside or outside E.P.U., some of the stronger continental countries will choose to leave E.P.U. and follow an independent course, relying on non-discriminatory trade with the dollar and sterling areas. Any considerable tendency in this direction could be relied upon to wreck the E.P.U. system.

Other European Currencies Convertible

The next major possibility for consideration covers the cases where some other European currencies as well as sterling become effectively convertible. In the case where one or two other European currencies become convertible, and remain within E.P.U., Britain can share some of the burden of providing dollars. If Dutch guilder became convertible, for example, some purchases by other European countries of dollar goods would flow through Dutch markets. The burden on Britain might be correspondingly less, but this consideration should not be exaggerated. The importance of British trade and of her commodity markets, the past importance of sterling as an international currency, the size of the British quota in E.P.U., and the evident eagerness of the British authorities to re-establish sterling's importance are all influences which can be expected to combine to throw the major part of the weight on to British shoulders. The other way in which convertibility by a limited number of European countries might share the burden with Britain would arise if the Governments of the countries with convertible currencies were willing themselves to continue discrimination against the dollar, in the way that Britain seems to be planning for herself.

If most of the important European currencies were to become convertible, the conditions for a multilateral and non-discriminatory world payments system, not unlike that covering most of the world in the 'thirties, would be established. No country would have reason to discriminate against goods originating in the dollar area, or in any other particular part of the world. Each country would be able to earn any currency by exporting to any country. Three sets of possibility are open. E.P.U. might become a convenient means of sharing the individual gold reserves of each of the member countries. If, for example, Italy were in temporary balance of payments difficulties, she could finance her purchases through E.P.U. borrowing; the dollar part of those purchases she would buy through other European countries, who would in effect run down their gold and dollar reserves to help Italy (and accept E.P.U. debts as temporary compensation). The difficulty in this scheme is obvious; the other E.P.U. countries might not care to help Italy, and would try to maintain their individual gold reserves by buying from America through other European countries, including Italy. This, then, is the second possibility: that no country would like to see its gold reserves go down and its E.P.U. credits rise correspondingly. When every country that is a member of the Union has convertible currency, then every country can follow such a policy, although in an extreme it is perfectly possible that an extreme instability would be set up. The third possibility is that some countries, but not all, would be willing to help others by running down gold reserves and running up E.P.U. credits, while other countries would be unwilling to allow this. In effect, this takes us back to a position where only the currencies of the former group are convertible; for convertibility within the Union implies willingness within limits to run down one's gold reserves and run up one's clearing credits.

The first possibility, of a general sharing of gold reserves through present E.P.U. arrangements, seems unlikely to be fulfilled. The third possibility leads back to situations we have already considered, where sterling alone or with one or two other currencies only is convertible. The second possibility makes E.P.U. purposeless, since it implies that no countries would in fact be willing to grant credits.

If E.P.U. were to become purposeless as it exists at present, and if all currencies were effectively convertible, a position rather like that of the 'thirties would be re-established. How far the various countries concerned wish to return to such conditions is open to question. It involves costs to most European countries through adverse movements in the terms of trade; on the other hand it gives the advantages of a more liberal system, which would be shared by Britain. At the same time, Britain would continue to have particular responsibilities and suffer particular strains because of her position as an international banker. Moreover, the disappearance of E.P.U. would involve a reduction in the degree of international liquidity; available supplies of international currency might not be large enough to absorb even quite temporary fluctuations. How far modifications of E.P.U., the sterling area, and the more general position of sterling as an international currency could avoid some of the disadvantages of such arrangements raise questions that are too general to be considered here. Among other things, the time is ripe for further discussion of the role of speculation, of defences against depression, of the functions of currency areas, and of the stability of a world payments system with two major centres. The disadvantages of present arrangements should not blind us either to the costs of the arrangements of the 'thirties, or to their disadvantages.

In conclusion, it can be said that there is no reason why the E.P.U. system should not continue to exist, if sterling alone, or sterling and one or two continental currencies only, were to become effectively convertible. In order to support such convertibility, exchange rate changes would probably be needed which would involve costs to both Britain and the rest of Europe, and the situation would place particularly heavy strains on Britain. If, on the other hand, all the major European currencies became effectively convertible, it appears very likely that E.P.U. could not continue, and that we should be back in a situation not unlike the 1930's.

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EXPENDITURE *of* GLASGOW UNIVERSITY STUDENTS

A SAMPLE SURVEY[1]

The following is an analysis of 223 questionnaires provided by a group of students attending Glasgow University during the session 1951–52. This group was part of a larger sample survey carried out on behalf of the Scottish Union of Students by students of the School of Economics, Dundee. The original survey was an attempt to estimate the actual expenditure of students attending Scottish Universities and Central Institutions in order to strengthen the Union's case for a review of the regulations governing the grants made by the Local Education Authorities. The analysis has been confined to Glasgow University because the percentage of returns from that source was large enough to provide an adequate basis for classifications along various lines. All that is claimed for the results is that they throw light on various aspects of the composition of the student body at Glasgow University, and also on the average level of expenditure incurred by students reading in the six faculties of the University.

The survey was a sample enquiry conducted by means of questionnaires. The items were chosen by selecting every tenth name from the Matriculation Roll of the University. Wherever differences are significant, the average expenditure incurred in each faculty is shown separately.

Of the 634 forms distributed 231 were returned—a percentage return of almost 37. Ten of these were rejected as unsuitable because in drawing the sample on the rule of one in ten, the selector had included part-time students who were earning salaries in full-time employment. Exclusions have been determined according to type of study and not to type of income. All those studying for a first degree or qualification on a full-time basis have been included and also all those studying for a secondary degree as full-time students. This definition, therefore, covers apprentices, such as chartered accountants and engineers, and research students financed by grants from various bodies.

The following table shows the distribution of students in the sample classified by sex and by faculty. As a check on the sample distribution the actual numbers enrolled in the various faculties have been calculated as percentages of the tota number, and these percentages are compared with the percentages in the sample:

Distribution of Students, Classified by Sex and by Faculty

Faculty	*Sex*		*Total*	*Percentage in each Faculty to the total*	*Numbers on Matriculation Roll*	
	Male	*Female*			*Numbers*	*Percentage*
Arts	30	34	64	29	1,747	26.6
Divinity	3	—	3	1	102	1.6
Law	19	—	19	9	633	9.6
Medicine	45	5	50	22	1,688	25.7
Science	47	11	58	26	1,269	19.3
Engineering	29	—	29	13	1,020	15.5
Single Class enrolment	—	—	—	—	116	1.8
	173	50	223	100	6,575	100.0

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[1] I wish to acknowledge the help I have received from Mr. J. K. Eastham in the preparation of this article.

Two faculties, Arts and Science, are over-represented in the sample, and two faculties, Medicine and Engineering, are under-represented. The sample distribution is, however, sufficiently close to that of the universe to afford a basis for analysis.

The age distribution of the students in the sample merely confirms the general impression of the age distribution in the University. The average age in the Faculty of Medicine, 22 years 6 months, is higher by a year than the average age in the Faculties of Arts and Science. This can be accounted for by the greater length of the medical course. The occurrence in the sample of 30 students receiving Further Education and Training Scheme grants tends to raise the average age in all faculties.

An analysis of the returns by residence and by type of income brings out two outstanding characteristics. These are (1) the high percentage of students who receive Local Education Authority grants and (2) the very high percentage of Glasgow students who live at home.

(1) Of the 223 students 113, or 51 per cent, receive grants from Local Education Authorities. Of the remainder 59, or 26 per cent, have no assistance of any kind from grants or bursaries. Fifty-one, or 23 per cent, receive grants or bursaries from sources other than from Local Education Authorities. Included in the fifty-one are 30 students in receipt of grants under the Further Educational Training Scheme, four grants in the Faculty of Science from the Department of Scientific and Industrial Research and one from the Medical Research Council. The remaining fifteen students in this group hold bursaries but have no help from Local Education Authorities. Eleven of the fifteen awards are for £35 per annum or less. The larger awards are held in the Faculties of Science and Engineering. Fifteen of the students who have grants from Local Education Authorities also hold bursaries. Apart from two Carnegie Grants of £9 towards the payment of fees, these bursaries vary from £15 to £60 per annum. Six of these were won in the University Bursary Competition and others were awarded by regional education trusts.

Among the 59 students who receive no help from the public or semi-public bodies are fifteen in the Faculty of Law and nine in the Faculty of Engineering. The fifteen students in the Faculty of Law include eleven chartered accountant apprentices and four legal apprentices. In fact only one out of the nineteen law students in the sample is not serving an apprenticeship and all the apprentices are receiving wages according to the year of apprenticeship. The twenty-nine students in the Faculty of Engineering are all apprentices serving in engineering firms of various kinds and are receiving the appropriate apprenticeship wage. As the engineering course consists of four winter sessions of two terms each, the winter is spent at the University and the summer on the practical side of the course. The deduction of the two groups of apprentices leaves only thirty-five students in the sample who are neither earners nor recipients of help other than from parents or relatives.

(2) The number of students living at home is 156, or almost 70 per cent

of the sample total. Such a very high percentage can be explained by the situation of Glasgow University in the centre of a very large densely populated area and one which is provided with excellent transport facilities. This fact is reflected in the total of weekly expenditure on transport in every faculty.

EXPENDITURE

What follows is an analysis of the expenditure of the students classified under three headings: (1) university items, such as fees, books, instruments and subscriptions to university societies, (2) expenditure returned on an annual basis, such as clothes, holidays and miscellaneous expenditure and (3) expenditure returned on a weekly basis which covers the student's maintenance during the terms. In each section the expenditure has been classified in faculties but for clothes a sex classification has been included. The total expenditures in each section are finally brought together in one table. This table covers cash expenditure only. In order to give a complete estimate of the full cost of maintaining the student an estimate would be required of the cost of home maintenance for the students who live at home, and for all students during the vacations, but it is doubtful if such figures could be obtained which would be sufficiently reliable for inclusion in a factual survey. The estimate would obviously be affected by the customary standard of living of the household and the size of the family, and the variability of these two factors makes it quite impossible to give an average which could be described as representative in any sense of the word.

A table classifying the local education authority grants also by faculty divisions follows the final table of expenditure.

(1) UNIVERSITY ITEMS

The following table details the average expenditure by faculties on university items. Only the expenditure on fees can be described as fixed and unavoidable: individual variations occur in each of the other three items. The averages are put forward simply as indicative of the expenditure of each faculty group and not as desirable or even as necessary minima. The figures in brackets refer to the number of students in the faculty contained in the sample.

The average expenditure on Fees can be checked from the University Calendar and the estimates based on the returns agree with the Calendar figures.

The average expenditure on books in the Faculties of Arts, Law, Science and Engineering all show a remarkable similarity. In each case the higher value of the mean over the median can be explained by the presence of a few large items in the group. The values of the two averages are reversed in the Faculty of Medicine. In this case the value of the mean is affected by eleven returns of £5 and less. Returns of £10 and over were received from half of the medical students.

Table showing the Average Expenditure in the Session 1951–52 *in each Faculty on Fees, Books, Instruments and University Subscriptions*

Faculty	*Fees*	*Books*	*Instruments*	*Subscriptions*	*Total*
	£ s. d.	£ s. d.	£ s. d.	£ s. d.	£ s. d.
Arts (64)					
Mean	25 11 3	5 19 0	1 12 0	2 2 9	35 5 0
Median	26 10 0	5 13 4	1 8 6	2 4 3	35 16 1
Divinity (3)					
Median	26 15 6	5 0 0	1 0 0	2 2 0	34 17 6
Law (19)					
Mean	21 8 0	3 11 0	1 0 0	1 7 0	27 6 0
Median	22 3 0	3 0 0	1 0 0	9 6	26 12 6
C.A. } Md.	22 3 0	2 0 0	1 0 0	6 0	25 9 0
Law } Md.	22 3 0	4 4 0	1 0 0	2 7 0	29 14 0
Medicine (50) ...					
Mean	56 15 0	8 16 0	9 2 0	2 12 0	77 5 0
Median	57 4 0	10 3 0	4 9 0	2 9 6	74 5 6
Science (48)					
Mean	46 0 0	6 2 0	2 10 0	2 2 0	56 14 0
Median	46 15 0	5 11 0	1 16 8	2 3 0	56 5 8
Engineering (29)					
Mean	36 16 4	5 12 0	3 13 0	1 16 0	47 17 4
Median	37 1 0	4 16 8	3 6 0	2 5 0	47 8 8

Throughout the tables of averages shown in this Report the median has beeh included in every case along with the mean. This is justified by the difficulty of checking the accuracy of many of the items. In some cases excessively low figures may be due to careless counting : in others, excessively large items may be accounted for by exaggeration and all items probably contain an element of guesswork. The median, therefore, is probably a more reliable guide to the expenditure of the group than the mean.

The group of expenditure labelled ' Instruments ' also includes writing equipment and the returns from the Faculties of Arts, Law and Divinity relate solely to expenditure on notebooks and other writing materials. While the expenditure on instruments in the other three faculties is necessarily higher, the range appears to be determined by the year of study. In the Faculty of Medicine, for example, ten students return expenditure of £2 and less and ten of £20 and over.

The main item in the expenditure on subscriptions is the subscription to the Students' Union. The subscription to the Men's Union is £2 2s. and to the Women's 35s.

(2) ANNUAL EXPENDITURE

The three items contained in this section are clothes, holidays and miscellaneous expenditure, which includes subscriptions to non-university societies and books other than textbooks. The accuracy of the returns under these headings cannot be checked. While the bias, particularly in the clothing section, may be towards exaggeration, many returns suggest possible understatement. Very few of the students have furnished details of the expenditure: in most cases round figures are given, often with the addition of ' approximately '. Because it was impossible to determine the direction of the bias if any, the averages were based on the assumption that the tendency to over or under statement was evenly spread.

The expenditure on these items is shown under two main classifications : (*a*) by residence and (*b*) by income. The clothing returns have been analysed by sex. The averages shown under the sub-heading 'All Students' are based on the total number of returns; the averages for the privately maintained students are based on the returns of the 35 students who have no assistance from public or semi-public bodies. An analysis by faculty has not been included for this branch of expenditure as the differences are not large enough to be significant.

Table of expenditure returned on an annual basis (a) of all students and (b) of the privately maintained students, classified by sex and by residence
I Students living at home

Average	*Clothes*		*Holidays*	*Miscellaneous Expenditure*	*Total*	
	Male	*Female*			*Male*	*Female*
	(*a*) *All students*					
	£ s. d.	£ s. d.	£ s. d.	£ s. d.	£ s. d.	£ s. d.
Mean	25 18 0	42 8 0	17 14 0	3 12 0	47 4 0	63 14 0
Median	24 16 0	35 0 0	12 10 0	2 19 0	40 5 0	50 9 0
	(*b*) *Privately maintained students*					
	£ s. d.	£ s. d.	£ s. d.	£ s. d.	£ s. d.	£ s. d.
Mean	26 18 0	44 3 4	21 10 0	4 10 6	52 18 6	70 3 10

II. Students living away from home (paying regular board in Hostels, lodgings or to friends)

Average	*Clothes*		*Holidays*	*Trav. to and from Univ.*	*Miscellaneous Expend.*	*Total*	
	Male	*Female*				*Male*	*Female*
	(*a*) *All students*						
	£ s. d.	£ s. d.	£ s. d.	£ s. d.	£ s. d.	£ s. d.	£ s. d.
Mean ...	23 15 0	34 7 0	12 11 0	8 2 0	3 4 0	47 12 0	58 4 0
Median	22 6 8	28 14 0	12 8 0	4 9 0	2 9 0	41 12 8	48 0 0
	(*b*) *Privately maintained students*						
	£ s. d.	£ s. d.	£ s. d.	£ s. d.	£ s. d.	£ s. d.	£ s. d.
Mean ...	19 10 0	38 5 0	13 19 0	6 11 6	3 19 3	43 19 9	62 14 9

Three points in the Clothing section call for comment. (1) The difference in the average expenditure for female and for male students is based on a much wider range of expenditure. While the returns of the female students range from £25 to £130 per annum, the male students return uniformly modest figures, in some cases perhaps unduly low. The low averages for male students apply to all faculties except Law. This can probably be explained by the predominance of chartered accountant and legal apprentices from whom professional standards of dress are required. (2) The difference in the expenditure on clothing by those living at home and those living away from home is not very great, and no close connection can be traced between the higher returns and the age distribution. All that can be said is that the range of expenditure of the male students living away from home is more restricted than the range of those living at home. Whereas the former varies from £20 to £40, the latter runs from under £5 to over £50 in the Faculty of Law. The expenditure on clothing by the privately maintained students is not significantly higher than the average for the total numbers. The lower limit of expenditure for male students is, however, £10 instead of £5.

The differences in Holiday expenditure between those living at home and those living away from home is due to the fact that many of those living away from home during terms holiday at home. This applies to eight out of twenty students in the Faculty of Arts and the average expenditure of those who did have holidays was £22 14s.—for the mean and £15 for the median. Much the same is true of Medicine and Science. The average expenditure by those who took holidays was £16 5s. (Mean) and £10 (median) in the Faculty of Science and £10 (mean) and £16 (median) in the Faculty of Medicine. The averages of holiday figures for the privately maintained students are perhaps more significant. The mean expenditure for those living at home and for those living away from home are higher in both cases than for the total numbers of students. The range for students living at home is from zero to £45 but of the twelve students who live away from home three did not take holidays and three did not state the holiday expenditure.

The Miscellaneous section covers subscriptions to clubs and societies other than university societies and expenditure on books other than text books. The higher averages in the Faculty of Law are accounted for by the higher level of subscriptions to outside clubs, particularly sports clubs. The same applies but to a lesser degree to the Faculty of Engineering. Taken as a whole this group reveals a very wide and varied range of interest, from golf to modern music and from Scottish Nationalism to the Royal Institute of International Affairs. Among those living at home 28 students out of 173 return no expenditure under this heading and among those living away from home 14 out of 50. The averages for the miscellaneous expenditures of the privately maintained students are a little higher. The range is from zero to £12 and only three out of thirty-five returned no expenditure under this heading.

It should, however be emphasized that the small size of the sample of the privately maintained students does not justify any more than very general conclusions being drawn from these comparisons.

(3) Weekly Expenditure

The main division under this heading is between those living at home and those living away from home. The first group returned expenditure under the following heads : (*a*) food bought outside the home, (*b*) travelling between home and the University, (*c*) entertainment, a heading which covers all forms of entertainment and the amounts spent on tobacco and alcohol, and (*d*) miscellaneous items which include anything which cannot be fitted into any other section. Returns from the second group include the amounts spent on lodgings.

As this is the most important section in determining the necessary level of student expenditure throughout the session, the choice of the particular week was unfortunate. All classes in the Faculty of Arts are finished by the last week in May and the Degree examinations are held in that week. Some students stated that they did not consider expenditure in the survey week as typical and a few have left the section blank. The last week in May was forced on the organisers of the survey more by necessity than by choice. Owing to unavoidable delays, insufficient time was allowed for the organisation of the survey, and in their anxiety to have the results as quickly as possible the student sponsors were not willing to postpone the issue of the questionnaires until the opening of the next session. However, the percentage of returns from the other faculties in which classes were still in progress affords a means of assessing the reliability of the averages for the Faculty of Arts.

The information is presented in the form of two tables : (*a*) relating to students living at home and (*b*) to students living away from home.

In the calculation of the averages a distinction has been drawn between returns of ' no expenditure ', for example, non-smokers and non-drinkers, and ' not stated ' returns, which may have come either from people who are unwilling to state their expenditure or have no expenditure under the heading to record. The former have been included in the calculation of the average, the latter have been excluded. This rule has been applied to both the mean and the median calculations.

The differences in the weekly averages can be explained by the requirements of each faculty or course of training. In the first group—students living at home—the higher level of expenditure in the Faculty of Arts as compared with the Faculties of Science and Medicine can probably be accounted for by the choice of the sample week. As this happened to be the week of the degree examinations many students who would normally eat at home would have meals outside. Owing to the longer session in the Faculties of Science and Medicine the weekly expenditure for the students in those faculties would not be affected to the same extent by the choice of the particular week, and it is probable that the weekly averages in those faculties are more typical of all faculties than that of the Arts students. The large numbers of chartered accountant apprentices in the Faculty of Law will account for the higher level of expenditure in that group. The apprentice may be employed on audits too far from home to return for meals. The average in the Faculty of Engineering cannot be taken as typical of the expenditure during term-time. The session in this faculty finishes at the end of March and therefore the returns relate to a week's expenditure during the practical part of the course.

Among the students living at home the range of expenditure on food is from zero to £2, with the exception of one return of 67s. 6d. in the week. In calculating the average expenditure on food, contributions to the home have been omitted, because the object of the calculation is to give an indication of the expenditure incurred as a direct result of the student's university course. It is noticeable that the large returns on food coincide with heavy travelling expenses.

The expenditure on travelling ranges from zero to £1 in every faculty. The general level of expenditure on travelling is probably higher in Glasgow than in any other Scottish University.

Table showing the Analysis of the Weekly Expenditure on (a) Food, (2) Travelling, (3) Entertainment (including tobacco and alcohol) and (4) Miscellaneous Items

Faculty[1]	*Food bought Outside*	*Travelling*	*Entertainment (inc. Tobacco etc.)*	*Miscellaneous Items*	*Total*
	(a) Students living at home				
	£ s. d.	£ s. d.	£ s. d.	£ s. d.	£ s. d.
Arts					
Weekly:					
Mean	15 5	8 10	13 8	9 2	2 7 1
Median ...	10 11	7 1	10 0	2 0	1 10 0
Law					
Weekly:					
Mean	14 0	7 9	1 1 7	15 5	2 18 9
Median ...	12 6	6 7	18 3	5 7	2 2 11
Medicine					
Weekly:					
Mean	9 0	6 11	15 6	2 1	1 13 6
Median ...	10 0	6 6	11 7		1 8 1
Science					
Weekly:					
Mean	8 8	6 10	8 9	4 3	1 8 6
Median ...	11 3	7 2	7 6	1 0	1 6 11
Engineering					
Weekly:					
Mean	9 7	9 1	17 3	5 3	2 1 2
Median ...	8 0	8 5	14 8	2 3	1 13 4

(b) Students living away from home

Faculty[1]	*Weekly cost of Lodgings*	*Food*	*Travelling*	*Entertainment, etc.*	*Miscellaneous Items*	*Total*
	£ s. d.	£ s. d.	£ s. d.	£ s. d.	£ s. d.	£ s. d.
Arts						
Weekly:						
Mean	2 16 0	6 7	1 4	9 6	3 10	3 17 3
Median ...	3 3 0	6 4	11	6 5	3 6	4 0 2
Medicine						
Weekly:						
Mean	2 16 6	10 2	4 8	13 7	3 6	4 8 5
Median ...	2 15 0	10 0	4 6	7 9	2 6	3 19 9
Science						
Weekly:						
Mean	2 12 8	11 7	3 3	9 11	6 4	4 3 9
Median ...	2 10 0	9 0	3 5	8 8	4 4	3 15 5
Engineering						
Weekly:						
Mean	2 12 10	16 0	4 3	14 3	5 10	4 13 2
Median ...	2 17 6	15 0	3 6	8 0	5 0	4 9 0

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[1] The Faculties of Divinity and Law have been omitted from this section of the table because the number of returns received was insufficient to form an average.

The expenditure on entertainment requires very delicate handling. The expenditure under this heading covers cinemas, theatres, sports (apart from subscriptions to sports clubs), tobacco and alcohol. In every group the mean of the expenditure has been affected by a few very large items, and in order to counteract any false impression which the mean might convey, the range for each faculty is shown separately.

The range of expenditure in each faculty is as follows: in Arts—from zero to 60s. 8d., but 37 out of 43 students spent less than £1 ; in Law—from zero to 47s., and eight out of sixteen students spent less than £1; in Science—from zero to 57s., and 34 out of 37 students spent less than £1; in Medicine—from zero to 41s. 3d., and nineteen out of 32 students spent less than £1; and in Engineering—from zero to 49s., and thirteen out of fourteen students spent less than £1. Altogether thirty-one students out of 155 spent more than £1 per week on entertainment. The heavy expenditure of the minority should be set beside the fact that of the total number of students 64 per cent are non-smokers and almost 74 per cent are non-drinkers. In addition to the influence of expenditure on tobacco and alcohol individual peculiarities help to explain the wide differences between the mean and the median expenditure.

The Miscellaneous group includes such small items as toilet requisites, newspapers, postages, haircuts and other similar petty expenses.

The most important item in the weekly expenditure of those living away from home is of course the charge for board and lodging. This varies from 15s. to 70s. per week. The range of expenditure suggests a wide variety of accommodation. The university hostel charge of £3 8s. per week figures frequently in the returns from the Faculties of Arts, Science and Medicine. Very low room charges occur along with fairly heavy expenditure on food, indicating separate eating arrangements. The general level of travelling expenses between lodgings and the University is lower than for those living at home and many students return no expenditure at all under this heading. Expenditure on the two remaining headings—Entertainments and Miscellaneous—is not noticeably different in the two groups of students. The weekly averages for the privately maintained students do not differ significantly from those based on the total numbers.

Total Expenditure

The last table purports to give no more than an indication of the total mean and median expenditures in each faculty. It will be noticed that the varying lengths of the session of each faculty has an important bearing on the weight of the weekly expenditure in the total for each faculty. The omission of an estimate of the cost of home maintainance should be borne in mind when studying the figures.

[See Table next page]

Total Expenditure during the Session 1951–52

Faculty	*Fees, etc.*	*Clothes, Holidays, etc.*		*Weekly Expenditure*[1]		*Total*	
		Home	*Lodgings*	*Home*	*Lodgings*	*Home*	*Lodgings*
	£ s. d.	£ s. d.	£ s. d.	£ s. d.	£ s. d.	£ s. d.	£ s. d.
Arts							
Mean	35 5 0	44 0 0	54 10 0	64 1 4	103 13 9	143 6 4	193 8 9
Median	35 16 1	42 16 0	44 16 0	40 10 0	108 3 8	119 2 1	188 15 9
Law							
Mean	27 6 0	62 19 0	74 16 0[2]	87 15 0	131 7 6	178 0 0	233 9 6
Median	26 12 6	49 5 0	—	64 7 6	—	140 5 0	—
Divinity							
Median	34 17 6	37 10 0	37 2 6	25 14 9[2]	106 4 3	98 2 3	178 4 3
		40 0 0		61 16 8		136 14 2	
Medicine							
Mean	77 5 0	47 0 0	40 6 0	50 5 0	132 11 8	174 10 0	250 2 8
Median	74 5 6	41 17 6	32 13 6	41 18 6	119 12 6	158 1 6	226 11 6
Science							
Mean	56 14 0	45 4 0	39 14 6	42 15 0	125 12 6	144 13 0	222 1 0
Median	56 5 8	43 0 0	36 13 0	40 7 6	113 2 6	139 13 2	206 1 2
Engineering							
Mean	47 17 4	41 4 0	62 17 0	41 3 2	93 3 4	130 4 6	203 17 8
Median	47 8 8	38 0 0	54 2 6	33 6 8	89 0 0	118 15 4	190 11 2

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[1] The weekly figures were converted into annual figures by multiplying the weekly averages in each faculty by the numbers of weeks in the faculty session. These numbers were taken from the University Calendar.

[2] Where only two returns were received the figures have been shown separately. In the Faculty of Law the median figures relate to the 'Home' students only. Returns from the Faculty of Divinity came from two students living at home and one away from home.

LOCAL EDUCATION AUTHORITY GRANTS

The following table shows the distribution of the Grants from the Local Education Authorities classified by amount and by Faculty :

Grants	*Arts*	*Divinity*	*Law*	*Medicine*	*Science*	*Engineering*	*Total*
Under £30 ...	5	—	—	—	2	—	7
£31—£50 ...	2	—	1	4	1	—	8
£51—£70 ...	7	—	—	2	2	5	16
£71—£90 ...	10	—	—	6	6	2	24
£91—£110 ...	12	—	—	8	4	3	27
£111—£130 ...	—	1	—	3	16	2	22
[1]£131 and over ...	—	—	—	8	—	—	8
Not stated ...	—	—	—	—	—	—	1
	36	1	1	31	31	12	113

[1] Upper limit £215.

Two factors are involved in the determination of an individual grant : (1) the local education authority's estimate of the student's necessary expenditure and (2) the size of the parent's income. The basis of the estimated expenditure is determined by statute. Under the terms of the Statutory Instruments[1] the local education authority is required to take into account (*a*) matriculation, tuition, class, examination, laboratory and other fees, (*b*) the acquisition of books, instruments, tools and materials, (*c*) a maintenance allowance during the terms of 30s. per week for those living at home and 50s. per week for those living away from home, (*d*) a vacation allowance of £5, (*e*) the purchase of meals during the terms taken away from home, (*f*) travelling expenses between home and the university, (*g*) the acquisition of any special clothing necessitated by the course of study and (*h*) expenses arising out of membership of clubs and societies connected with the institution if such membership is necessary to enable the applicant to take a full part in the corporate life of the institution. The total of these items is the minimum estimated expenditure but the precise amount of the individual grant depends on the income of the parent in relation to this figure. This fact accounts for the very wide dispersion of the grants shown in the table. The value of an average figure, therefore, seems to be doubtful. The medians and the quartiles have been calculated for (*a*) all students, (*b*) the Faculty of Arts and (*c*) the Faculty of Medicine, and the calculations are shown below :

Quartile Measurements	*All Students*	*Arts*	*Medicine*
	£ s. d.	£ s. d.	£ s. d.
First Quartile	68 5 0	62 13 4	79 15 0
Median	92 0 0	78 13 4	98 0 0
Third Quartile ...	113 15 0	95 5 0	122 5 0

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[1] Statutory Instrument—1949 (S. 106) Education, Scotland—Education Authority Bursaries (Scotland) Regulations, 1949, and Amendment No. 1, 1952.

A comparison of these figures with those given in the table of total expenditure suggests that the higher values for the Faculty of Medicine are accounted for by the heavier weight of the academic items in the total expenditure of a medical student. It will be noted that the living expenses (*i.e.* expenditure on clothing, holidays and weekly expenses) are very similar for all full-time students. Detailed knowledge of the methods by which individual Local Education Authorities determine the estimates of student expenditure would be needed before any definite conclusion could be drawn as to the adequacy or inadequacy of the grants. It may well be possible that their estimates of the living expenses are too low. The wide ranges of expenditure in the sections dealing with the annual and weekly expenses emphasize the importance of treating each case on its merits.

VACATION EMPLOYMENT

The following table shows the number of students in the various faculties who undertake paid work during the vacations.

	Vacation		
Faculty	*Christmas*	*Easter*	*Summer*
Arts	20	7	48
Divinity	1	0	3
Law	1	0	3
Medicine	14	2	24
Science	22	7	43
Engineering	8	1	1
	66	17	122

It will be noted that the amount of paid work done during the vacations depends on the nature of the University course. This is very clearly brought out by comparing the amount of work done by the full-time students in the Faculties of Arts, Medicine and Science with that done by the legal and engineering apprentices. The work done by the Divinity students is of course pulpit supply and this is not so strictly confined to the vacations as the normal part-time jobs. Practically all the Christmas vacation work is with the Post Office. The type of work undertaken during the summer vacation is extremely varied. Agricultural, industrial and clerical workers, shop assistants, lorry drivers, hospital orderlies, all figure fairly prominently in the returns.

Of the 172 students in the Faculties of Arts, Medicine and Science who returned questionnaires, 44 per cent undertook paid work in one vacation, 21 per cent in two vacations and 8 per cent in three vacations.

VACATION EARNINGS

The following table shows the summer vacation earnings of the students classified (*a*) by amount and (*b*) by faculty.

Table showing the earnings of Students in three Faculties during the Summer Vacation

Amount	*Arts*	*Medicine*	*Science*	*Total*
Under £20...	5	7	8	20
£21—£30	16	4	9	29
£31—£40	7	6	12	25
£41—£50	5	2	4	11
£51—£70	5	3	4	12
£71—£90	2	2	3	7
Not stated	8	—	3	11
	48	24	43	115

Although the students were asked to give the total net earnings during the vacation (*i.e.* the gross amount less an allowance for subsistence) most of the returns show only the gross figure. The table, therefore, is based on the gross figures. The mean earnings for all students and for the three faculties separately calculated is £35. The only significant difference in the three faculties represented in the sample lies in the percentage of students who undertake paid work during the vacations. These are 75 per cent in the Faculty of Arts, 48 per cent in the Faculty of Medicine and 74 per cent in the Faculty of Science.

Of the total number 66 students took paid work during the Christmas vacation. This was practically all Post Office relief work and in 62 cases the remuneration was less than £10. Only 17 students did paid work during the Easter vacation and 15 earned less than £10.

MARRIED STUDENTS

Only seven of the students in the sample are married. The returns, therefore, are too few to be averaged and these have been dealt with by treating the weekly expenditure as ' not stated '. The married students have grants either from the Further Educational Training Scheme or the Department of Scientific and Industrial Research.

CONCLUSION

The survey is simply a factual analysis of the information supplied by the students. No attempt has been made at any point to draw inferences. While the study was undertaken on behalf of the Scottish Union of Students, the material was placed unreservedly at my disposal and for this I wish to record my thanks not only to the Union but to all the students who were kind enough to fill up the questionnaires.

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OWNERSHIP OF CARS AND CERTAIN DURABLE HOUSEHOLD GOODS

I. INTRODUCTION

In the savings survey carried out in May 1952[1] enquiries were made into the ownership of certain durable goods and the amounts spent on the purchase of durable goods. It has been found that there is a connection between expenditure on durable goods and personal saving.[2] The connection may be due to various causes; firstly some people may consider expenditure on durables as a type of investment and therefore as an alternative to some other form of saving. Secondly many people deliberately save up for some time in order to purchase durable goods, and draw on their savings when the purchase takes place. Thirdly many people buy durable goods on hire purchase, when the act of buying is associated with an increase in their liabilities. As a preliminary to the inquiries into expenditure on durable goods it was convenient to ask people if they owned certain named types. These were cars, motor-cycles, television sets, refrigerators, and washing machines, all fairly expensive and all goods which were likely to have been bought by a large number of people in the period covered by the survey (May 1951 to May 1952). This article deals with the results of this section of the enquiry and examines the type of people who own these specific goods, what percentage of the total number they own, and how many of them they had purchased during the previous year.

Although very diverse in their nature and use these goods can be divided into two groups: firstly there are cars and motor cycles which are to a large extent substitutes for one another as means of privately owned transport (though this partly depends on the age of the owner, size of family, etc.); secondly there are the three durable goods used within the home.

The same division holds approximately when it comes to the price of the articles. It is still possible to buy a car, of a kind, for £50 or £100, although most models cost several hundred, and some cost thousands of pounds; for motor-cycles and cars, including second hand models, there is probably a continuous price range from about £50 upwards. The average television set costs between £60 and £100; domestic refrigerators usually £60 - £100, and most washing machines cost £45 to £75, though there are dearer models in all cases.

A car or a motor-cycle is sometimes essential in order to get to one's place of work or in order to carry out one's work. A washing machine is generally considered a great labour-saving device by those who do most of their own laundry work. For many people ownership of a television set is fast becoming a conventional necessity. Refrigerators, although useful, particularly in the summer, are not generally considered a necessity in this climate. Hence the demand for those goods is influenced by diverse considerations.

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[1] An account of the aims, method and scope of the survey was given in the November 1952 issue of THE BULLETIN.

[2] See ' Personal Saving and its Determinants in the Light of the Oxford Survey ', in the July 1952 issue of THE BULLETIN.

The survey provides estimates of the total number of these durable goods owned by people living in private households. For the purpose of the survey the population was divided into income units, which in effect are single persons over eighteen and married couples together with their children. There are, it is estimated, about 22 million income units in private households in Great Britain and a further two million in institutions of one kind or another, including the armed forces; the survey covered only those people who were living in private households in May 1952. The survey estimate of the total number of cars is 1,865,000; if it is assumed that the same proportion of income units in the institutions as in the private households own cars then the total estimate for Great Britain would be 2,038,000. The total number registered on May 31st, 1952, was 2,397,000.[1] The difference between this figure and the survey estimate is probably due mainly to cars belonging to businesses, including car dealers and private hire services, or used entirely for business purposes—information on which was not collected by the survey. Some of the difference may also be explained by a larger proportion of people who live in hotels and other institutions owning cars than those who live in private households, and by sampling errors. The number of motor cycles registered on the same date was 840,000;[1] the survey estimate for motor-cycles owned by those in private households is 788,000 and for all income units, assuming that the same proportion of those in institutions as in private households own motor-cycles, it is 860,000. At the end of May 1952, there were 1,518,000 television licences issued[1] and the survey yields an estimate of 1,588,000 television sets owned by individuals in private households. This is a very close agreement, for although some of the licences will be held by clubs, hospitals and other institutions it is thought that a number of television owners have not taken out a licence. It is also possible to compare the regional distribution of television licences with the distribution of ownership of television sets as disclosed by the survey. This comparison is shown in Table 1.

TABLE 1. *Comparison of regional distribution of television ownership with survey estimates*

Region[2]	*Distribution of television licences*[3] 31.12.1951	*Distribution of television sets in April–May* 1952[4]
	%	%
Scotland	—	—
North of England	17	15
Midlands and Wales	26	25
South of England	57	60
	100	100

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[1] *Monthly Digest of Statistics*, December 1952.

[2] For definition of the regions see the Appendix to the article on the survey in the November 1952 issue of THE BULLETIN.

[3] Cmd. 8660. 'Annual Report and Accounts of the B.B.C. for 1951–52' Appendix II.

[4] Survey estimate.

The closeness of the above comparisons between published statistics and the survey's estimates give confidence of the results of this section of the survey.

II. Percentage Who Own Durable Goods

Table 2 shows the percentage of all income units, and of various types of income units, who own each of these particular durables. It is seen that about the same percentage of all income units own a car, a washing machine

Table 2. *Ownership of Durable Goods*

Type of income unit	*Percentage in each group who own a:*					*No. in sample*
	Car	*Motor-Cycle*	*Tele-vision Set*	*Refri-gerator*	*Washing Machine*	
All income units	8	3	7	4	8	2,598
Total income						
Under £200	1	*	2	1	3	608
£200—399	4	4	4	1	5	813
£400—599	10	4	9	2	9	636
£600—999	19	7	19	10	20	346
£1,000—1,999	44	4	25	32	23	142
£2,000 and over	76	3	38	61	35	53
All under £1,000	6	3	6	2	7	2,403
All with £1000 and over	51	4	28	40	26	195
Occupation of head						
Self-employed	34	5	18	17	15	230
Managers and technical	34	5	15	22	23	259
Clerical and sales	6	2	9	3	9	330
Skilled manual	6	5	7	1	8	807
Unskilled manual	2	3	6	1	4	388
Retired and unoccupied	4	1	2	2	5	571
Age of head						
18—24	1	5	1	*	1	296
25—34	7	6	6	2	8	456
35—44	12	4	14	5	11	492
45—54	11	4	10	6	12	499
55—64	11	2	7	5	10	382
65 and over	5	*	3	3	5	473
No. of persons						
One	3	3	2	1	2	987
Two	13	3	9	6	11	731
Three	11	6	12	6	10	412
Four	14	4	11	4	17	297
Five	4	2	16	5	14	115
Six or more	6	7	6	3	6	56
Housing Tenure						
Owns outright	23	2	15	13	20	380
Owns, but has a mortgage	16	5	13	9	20	242
All owners	20	3	14	11	20	622
All tenants	6	3	7	2	7	1,297
All heads of households	10	3	9	5	11	1,919
All non-heads of households	3	4	2	1	1	679
Region						
Scotland	4	*	*	2	5	317
North of England	9	3	4	3	14	612
Midlands and Wales	8	3	8	2	6	532
South of England	9	5	11	6	6	1,137
England and Wales	9	4	8	4	8	2,281
Estimated total numbers (1,000s)	1,865	787	1,588	831	1,776	22,000

and a television set. About half as many people own motor-cycles and refrigerators as own the other goods. The durables used within the home can be thought of as communal goods and within each household there will as a rule be no more than one of each of them (an assumption which would be less true for cars or motor cycles). A large number of households consist of more than one income unit; this will be the case whenever there is more than one person over eighteen in the household, apart from husbands and wives. Therefore the percentage of households with these goods, which is a better indication of the number of persons with access to them, is larger than the percentage of income units who own them. Five per cent of households have a refrigerator, eleven per cent have a washing machine and ten per cent have a television set; this last figure is raised to eleven per cent for England and Wales only. Of children under eighteen who are not at work eleven per cent had access to television sets, at the time of the survey, in Great Britain as a whole and twelve per cent in England and Wales.

(i) *Income groups*

A high correlation between income and ownership of these durables is obviously to be expected (see Graph 1, page 186). Quite a few are owned however by people with incomes of under £200 a year; a large proportion of these are retired and unoccupied and some of them will probably have purchased the durable goods in question when they had larger incomes. Within each of the income groups between £200 and £1,000 approximately the same percentage own a car, a television set and a washing machine; in each group, however, the percentage of owners is roughly double that in the preceding group. The number with incomes under £1,000 a year who own refrigerators is very small, no more than two per cent in any group below £600 a year and only ten per cent of those with between £600 and £1,000; this is only ahout half as many as own each of the other goods. In both the groups with incomes over £1,000 a year the largest percentage own a car and about half this percentage own a television set or a washing machine. In contrast with the lower income groups, the percentage who own a refrigerator is much larger than the percentage who own a television set or a washing machine; this is particularly noticeable in the case of those with over £2,000 a year. The increase in the percentage who own television sets and washing machines in the £1,000–£2,000 group as compared with the preceding group is comparatively small; whilst the percentage of car owners is still approximately double that in the preceding group and that of refrigerator owners is over three times as large. A similar though less marked comparison exists between the two highest groups. The smaller increase in the demand for washing machines is probably due to the fact that fewer people in this class will do their own laundry. The reason for the smaller increase in the popularity of television is not so clear. There are obviously some people in this group who would own a television set if television programmes were available in the area in which they live, but this of course applies to all income groups. It does appear that television—still in its infancy—is relatively less popular, as compared with the other goods under discussion, with the highest income groups. Nevertheless the higher the income group, the larger is the percentage of income units who own a television set ; which is not the result one might expect from reading the comments of some sections of the press.

Table 2 also shows the percentage of all those with incomes under £1,000 a year and all those with incomes of a £1,000 a year or more who own these durable goods; this brings out clearly the differences between these two groups.

Motor cycles are owned by practically no one with under £200 a year and by about four per cent of all the other groups except for those with between £600 and £1,000, seven per cent of whom own them. The percentage who own motor-cycles declines in the groups with £1,000 a year or more. As a contrast, however, several income units in these groups own two cars : two per cent of those wtth incomes between £1,000 and £2,000 and sixteen per cent of those with incomes over £2,000 a year.

(ii) *Occupations*

Of the different occupational groups a higher proportion of managers and self-employed own these particular durable goods than any of the other groups. The particular durable good most commonly owned by both these classes is a car, which is owned by thirty-four per cent of each group. The second choice of the self-employed is a television set but the managers, on the whole, prefer refrigerators and washing machines to television sets. The skilled manual and clerical and sales group own about equal percentages of most of these goods, television sets and washing machines coming first in their order of preference closely followed by cars. Fewer of the clerical and sales group than of the skilled manual workers own motor-cycles, possibly because this group contains a high percentage of women; on the other hand more of them own refrigerators. Four or five per cent of unskilled manual workers own television sets and washing machines but very few own any of the other durable goods. The retired and unoccupied own washing machines more frequently than any of the other goods; a smaller percentage of them than of any of the other groups own television sets.

(iii) *Age groups*

The percentage of each age group who own these articles is illustrated in Graph 1, and a fairly similar pattern can be discerned. Only one per cent, or less, of those under twenty-five own any of these durables (other than motor-cycles), considerably more of those between 25 and 35 own them: they are most frequently owned however by those between 35 and 65, and only about half as many of those over 65 own them as in the middle age groups. Television is much more favoured by the younger middle aged (i.e. the 35–44 group), its popularity decliniug rapidly after 55. Motor-cycles, of course, are an exception to the above generalisation; they are owned chiefly by those under 35, and very few by those over 55. If cars and motor-cycles are considered together then their joint distribution is more even than in the case of the household durables: about 5 per cent in the youngest and the oldest groups and between thirteen and sixteen per cent in the middle four groups own one or the other of them.

(iv) *Size of income unit*

No clear pattern of ownership emerges from the distribution according to the number of persons in the income unit. The one person income units are mainly young people living at home or in lodgings or elderly widows or widowers, persons who, as one would expect, own few of these goods, particularly the household ones. More of the married people with children (income units of three persons or more) own television sets than the married people without children (two person income units); this may be because the latter class are less tied to their homes for entertainment or because they contain a much larger percentage of older people (their children having grown up and left home) who are more conservative in their tastes. Washing machines not surprisingly are in greater demand by those with more children. A much smaller proportion of families with three or more children seem to be able to afford cars than of the smaller families. The families with six or more persons own less of all these durable goods, except motor-cycles, than the smaller families; this is accounted for by the fact that not only do they obviously have larger expenses but on the average they have smaller incomes.[1] Possibly the larger percentage who own motor-bicycles is explained by large families containing more children under eighteen who go out to work.

(v) *Housing tenure*

As would be expected there is a connection between housing tenure and ownership of this type of durable good. The main differences occur between those who own the property in which they live and those who rent it: in all cases, other than that of motor-cycles, much larger percentages of those who own their own houses also own these goods, especially refrigerators, then in the case of those who pay rent. Of those who own their houses outright a larger percentage own cars and refrigerators than amongst those who have a mortgage on their house, more of whom however own motor-cycles (this is because they contain a larger proportion of the younger age groups.) More who rent council houses than rent other unfurnished accommodation own television sets and washing machines and less own cars and refrigerators. A very small percentage of those who are not heads of households own any of the other durable goods under discussion, other than motor-cycles, which are owned however by a larger percentage of them than of heads of households.

(vi) *Regional*

Four points of interest emerge from the regional distribution. Firstly the much smaller percentage of people in Scotland who own any of these durables. Secondly the percentage in each region who own television sets is closely connected with the length of time that television programmes have been available.[1] In the London area where television has been established longest fifteen per cent of the income units own a television set. The single figure that stands out most in this section of the table is the large percentage in the northern region who own washing machines; this is probably due not only to the dirtiness of northern towns, which increases the utility of a washing machine, but to the custom in the North of England of doing the maximum amount of work at home. Lastly it can be seen that a larger percentage of people in the South of England than elsewhere have refrigerators, due probably to a combination of the climate and the fact that there are more of the higher income groups in this region.

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[1] Bulletin, March 1953, Tables 11 and 27.

(vii) *Ownership of more than one of these goods*

So far the ownership of these durables has been considered separately from each other. Table 3 gives the percentage of people who own different combinations of them; motor-cycles are not included in this table for, as has been shown, most of them are owned by those who own few or none of the other goods. Twenty per cent of all income units own some of these durables, but of the owners three quarters own only one of them. As would be expected those who own the largest numbers of these goods individually also more often own more than one of them: in the case of those with a £1,000 a year or over, a larger percentage have two or more of these goods than have only one, and more have one than have none at all.

TABLE 3. *Ownership of Cars, Television Sets, Refrigerators and Washing Machines*

Type of income unit	*Percentage in each group, who of these durable goods own :*					*Total*
	All of them	*Any 3 of them*	*Any 2 of them*	*Only 1 of them*	*Nil*	
All income units	*	1	4	15	80	100
Total income						
Under £200	—	*	1	5	94	100
£200—399	—	*	1	11	88	100
£400—599	*	1	3	20	76	100
£600—999	1	4	11	31	53	100
£1,000 and over	5	16	23	32	24	100
Occupation of head						
Self-employed	2	7	12	30	49	100
Managers and technical ...	2	8	15	31	44	100
Clerical and sales ...	1	*	4	16	79	100
Skilled manual	—	*	3	15	82	100
Unskilled manual ...	—	*	1	10	89	100
Retired and unoccupied ...	—	1	2	8	89	100

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[1]

Town	*Station*	*Date opened (or re-opened after the war)*	*Population served (million)*
London	Alexandra Palace	June, 1947	11.5
Birmingham	Sutton Coldfield	December, 1949	7.8
Huddersfield	Holme Moss	October, 1951	11.6
Between Glasgow & Edinburgh	Kirk O'Shotts	March, 1952	4.0
Cardiff	Wenvoe	August, 1952	4.5

(Source : Cmd. 8660. 'Annual Report and Accounts of the B.B.C. for 1951–2'. Appendix IX).

Approximately sixty per cent of the owners of cars, television sets and washing machines do not own any other of these durable goods, about twenty-five per cent own one other, twelve per cent own two others, and about three per cent own all four of them. In the case of refrigerator owners however only twenty five per cent own none of the other goods, fifty per cent own one other, twenty-five per cent own two others and ten per cent own them all. This suggests that in most cases people do not buy a refrigerator until they already own one of the other goods. In the more prosperous groups of course a majority of owners own more than one of the durable goods. This is particularly noticeable in the case of washing machine owners with over £1,000 a year, only six per cent of whom do not own one or more of the other goods under discussion.

There is hardly any correlation between the ownership of any one of these durables and the ownership of any other. The percentage of those who own a car, a television set or a washing machine and who also own one of the others or a refrigerator only varies between seventeen and twenty-three per cent. In the case of refrigerator owners however fifty per cent of them also own a car, forty per cent a washing machine and thirty per cent a television set.

III. Distribution of Durable Goods

Table 4 sets out the information given in Table I in a different way and shows the percentage of the different durable goods which is owned by each group.

(i) *Income groups*

There is a certain amount of symmetry about the distribution amongst income groups, as can be seen from Graph 2. The fifty-nine per cent of income units with incomes of under £400 a year own considerably less than this percentage of each of the durable goods; the sole exception, as usual, is in the case of motor-cycles where the thirty-five per cent who have incomes between £200 and £400 own thirty-six per cent of the motor-cycles. Those with incomes between £400 and £600 are twenty-six per cent of the income units who own about fifteen per cent of the refrigerators but approximately thirty per cent of the other goods. Those with incomes between £600 and £1,000 a year are eleven per cent of the population and own two to three times this percentage of all the goods under discussion. The three per cent of income units who have an income of between £1,000 and £2,000 a year own twenty seven per cent of the refrigerators, sixteen per cent of the cars and about ten per cent of the television sets and washing machines. Only one per cent of all income units have over £2,000 a year but they own fifteen per cent of all the refrigerators, nine per cent of the cars and four or five per cent of the television sets and washing machines.

Table 5 shows the percentage of these durable goods which are owned by the ten per cent of income units who have the highest incomes.

TABLE 4

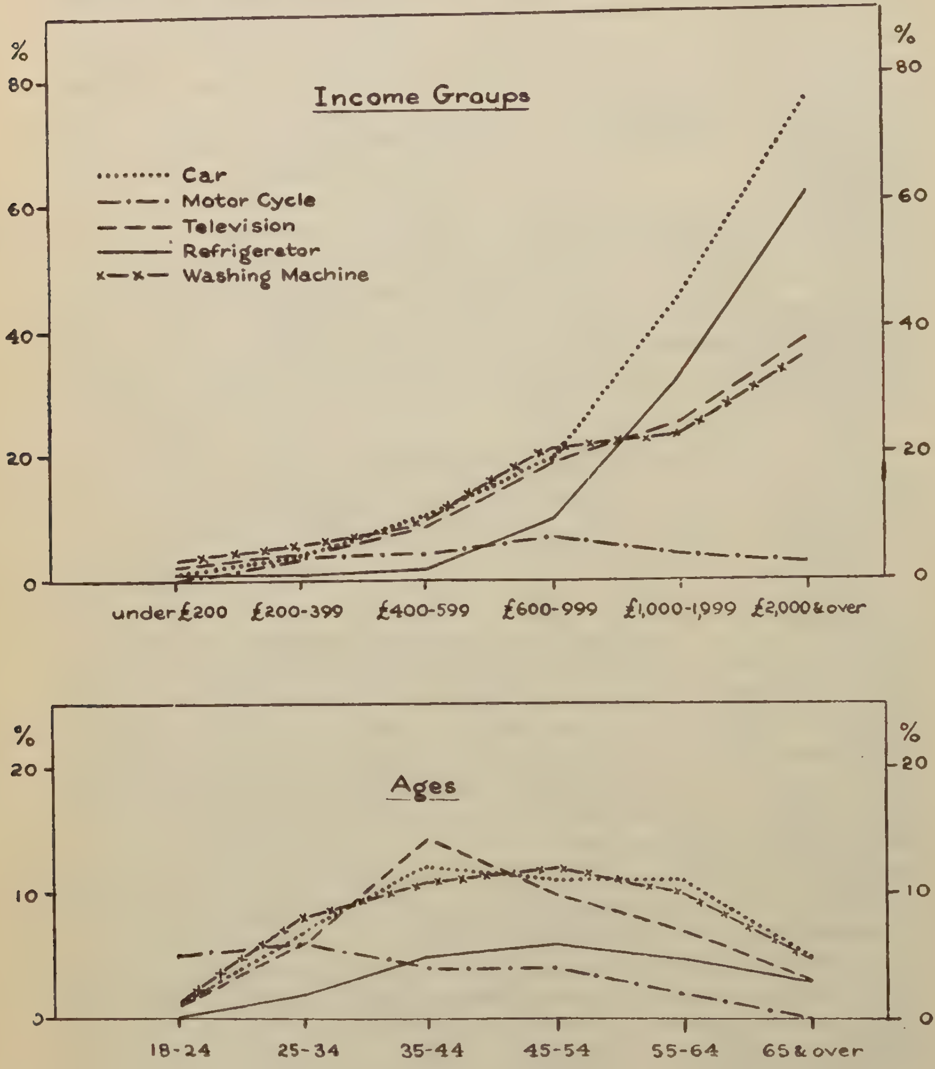
Distribution of Certain Durable Goods

Type of income unit	*Percentage of these durable goods owned by each type of income unit*					*Percentage of income unit in total pop'l'n.*
	Car	*Motor-cycle*	*Television*	*Refrigerator*	*Washing machine*	
Total income						
Under £200	3	3	5	5	9	24
£200—399	15	36	19	7	20	35
£400—599	31	33	31	15	29	26
£600—999	26	23	29	31	29	11
£1,000—1,999	16	4	11	27	9	3
£2,000 and over	9	1	5	15	4	1
	100	100	100	100	100	100
Occupation of head						
Self-employed	27	10	16	28	12	6
Managers and technical	25	9	13	37	17	6
Clerical and sales	9	7	14	9	13	12
Skilled manual	25	55	37	9	36	37
Unskilled manual	3	15	13	4	9	17
Retired and unoccupied	11	4	7	13	13	22
	100	100	100	100	100	100
Age of head						
18—24	2	18	2	*	1	12
25—34	17	31	14	11	16	18
35—44	27	23	36	23	26	19
45—54	25	20	27	32	29	19
55—64	19	8	13	19	18	14
65 and over	10	—	8	15	10	18
	100	100	100	100	100	100
Sex of head						
Male	95	95	93	90	89	75
Female	5	5	7	10	11	25
	100	100	100	100	100	100
Housing tenure						
Owns outright	34	9	26	42	31	12 (17)[1]
Owns, but has a mortgage	19	12	17	21	24	10 (13)
Tenants	39	46	50	33	43	52 (70)
All head of households	92	67	93	96	98	74 (100)
All non-heads of households	8	33	7	4	2	26
	100	100	100	100	100	100
Region						
Scotland	6	1	*	5	6	11
North of England	28	23	15	17	46	26
Midlands and Wales	21	18	25	10	17	22
South of England	45	58	60	68	31	41
	100	100	100	100	100	100

[1] Figures in brackets are the percentage of heads of households in each group.

GRAPH 1

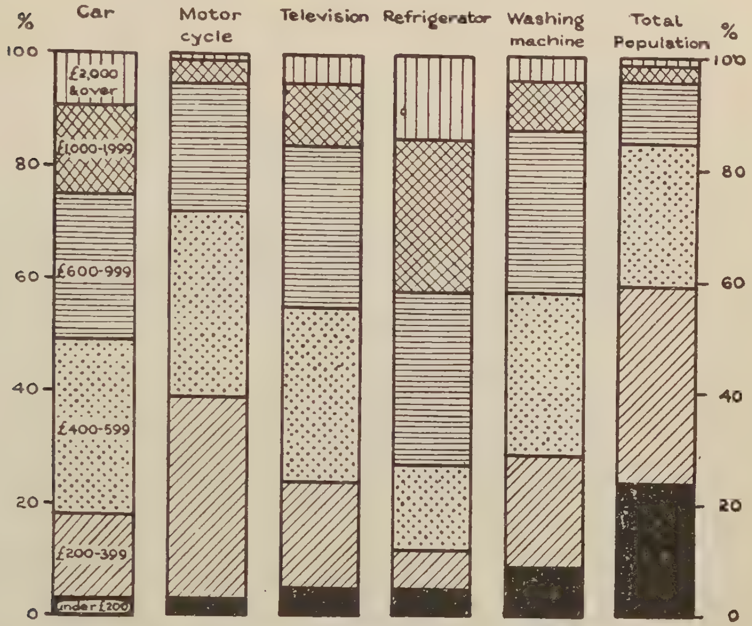
Percentage in each income and age group who own a car, a motor-cycle, a television set, a refrigerator, or a washing machine.



GRAPH 2

The percentage of the total of cars, motor-cycles, television sets, refrigerators and washing machines owned by different income and age groups.

INCOME GROUPS



AGES

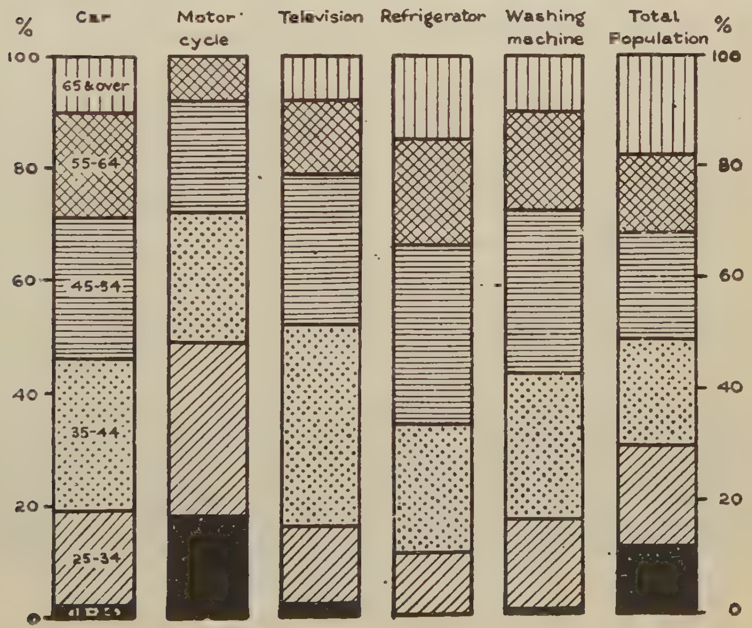


TABLE 5

Percentage of these durable goods owned by the tenth of the population which have the highest incomes

Durable good	*Percentage*
Refrigerator	65
Car	44
Television set	35
Washing machine	31
Motor cycle	16

(ii) *Occupations*

The managerial class and the self-employed who only form twelve per cent of all income units own just under thirty per cent of the washing machines and television sets, over fifty per cent of the cars and sixty per cent of the refrigerators. The clerical and sales group and skilled manual workers together form about half of the population and they own about this proportion of television sets and washing machines, a third of the cars and under a fifth of the refrigerators (the manual workers having the largest comparative deficiency here). The unskilled manual workers and the retired and unoccupied form approximately forty per cent of all income units but the proportion of these durable goods they own ranges from twenty-two per cent of the washing machines to fourteen per cent of the cars; the retired and unoccupied own a very small proportion of the television sets and the unskilled manual workers a relatively smaller proportion of the cars. Motor-cycle ownership is less concentrated, though relatively few are owned by the clerical and sales group, which includes a large percentage of women, and even fewer by the retired and unoccupied (a lot of those owned by this group probably belong to students).

(iii) *Age groups*

Distribution amongst the different age groups, illustrated in Graph 2, shows a certain similarity for all the durable goods except motor-cycles. Very few of the other goods are owned by those under twenty-five, and amongst the other six groups there is a concentration in the middle age groups; this is particularly marked in the case of television where thirty-five per cent of all sets are owned by those between 35 and 45. Motor-cycles are mainly owned by the younger age groups; the twelve per cent of income units who are under 25 and who do not own more than two per cent of any of the other of these durable goods own eighteen per cent of the motor-cycles.

(iv) *Sex*

The seventy-five per cent of income units with male heads own between eighty-nine and ninety-five per cent of all these durables. The income units with female heads, who are mainly single women or widows, own about ten per cent of the household labour-saving devices (washing machines and refrigerators) but only about five per cent of the cars and motor-cycles.

(v) *Housing tenure*

When considering the percentages owned by those with different housing tenure motor-cycles are again the main exception; this is because they are distributed approximately according to the percentage distribution of all income units. All the other goods, as one would expect, are concentrated in the hands of heads of households; though seven per cent of the television sets and four per cent of the refrigerators belong to those income units who are not heads of households. The thirty per cent of heads of households who own their own house, own just over forty per cent of the television sets, fifty per cent of the cars and washing machines and over sixty per cent of the refrigerators. The seventy per cent of heads of households who rent their homes own between forty and fifty per cent of each of the durable goods under discussion other than refrigerators, of which they own only a third. The twenty per cent of heads of households who rent council houses however own twenty per cent of all television sets.

IV. Recent Purchases

Table 6 is divided into two halves and shows those who had bought these particular goods during the previous twelve months; first as a percentage of the total number of income units, and secondly as a percentage of those who owned them at the end of the year. Cars and motor-cycles are in a separate category here, as they are quite extensively dealt in at second hand and some of the purchasers of cars and motor-cycles will have owned one previously and sold it, possibly in part exchange, when buying the new one. The second hand market for television sets, refrigerators and washing machines is small and cases of persons selling one model and buying another must be very rare indeed.

The last column of the first half of the table shows the percentage in each group who during the year purchased any durable goods. Durable goods were defined for the purpose of the survey as those goods which cost £25 or more, though soft goods and clothing, other than fur coats, were excluded. The figure of £25 was decided on because it was thought that most things that cost as much as this would be of a durable nature and also that expenditures of this size would be large enough to effect most people's saving. All the goods under discussion were of course included and the most important of the other durable goods was furniture (information on which was collected if £25 or more had been spent on all forms of furniture and not necessarily on one particular item). Twenty-one per cent of all income units had bought some durable goods during the previous twelve months but only about eight per cent had bought those separately recorded.

As income increases a larger percentage of people bought these particular durable goods and they form an increasing proportion of all durable goods bought. Although more managers than the other occupational groups purchased some durable goods, the self-employed bought more of the specified durable goods. Of those aged under 24 the largest percentage bought motor-

TABLE 6

Purchase of Durable Goods during the Year

Type of income unit	*Percentage in each group who purchased during the year a :*						*Percentage of owners of these durable goods, at the end of the year, who had purchased them during the year*				
	Car	*Motor-cycle*	*Television set*	*Refrigerator*	*Washing Machine*	*Any durable goods*	*Car*	*Motor-cycle*	*Television set*	*Refrigerator*	*Washing Machine*
All income units	2	1	3	*	2	21	19	27	43	11	25
Total income											
Under £200 ...	*	*	1	—	*	5	23	40	48	—	13
£200—399 ...	1	*	1	—	1	14	25	14	36	—	27
£400—599 ...	2	1	5	*	2	29	15	27	57	8	24
£600—999 ...	4	4	7	1	6	44	23	51	36	11	29
£1,000—1,999	5	*	8	5	7	49	11	11	34	16	33
£2,000 and over	16	1	13	6	3	53	22	50	33	10	8
Occupation											
Self-employed	7	2	8	3	4	31	20	35	41	17	26
Managers and technical ...	5	2	4	2	5	40	14	45	29	9	22
Clerical & sales	1	1	3	1	4	22	24	41	39	30	49
Skilled manual	1	4	4	—	2	25	22	21	52	—	19
Unskilled manual ...	*	1	2	—	2	18	18	38	44	—	37
Retired and unoccupied	1	—	1	—	1	6	15	—	32	—	14
Age of head											
18—24... ...	1	3	1	*	—	17	69	52	100	*b*	—
25—34... ...	1	1	3	1	3	31	16	23	54	25	43
35—44	3	1	7	1	4	29	24	10	48	12	32
45—54... ...	2	1	3	1	3	23	19	18	25	11	22
55—64... ...	2	—	4	*	2	16	18	—	56	4	16
65 and over ...	—	—	1	*	*	6	—	—	26	2	10
Region											
Scotland ...	*	—	*	*	1	17	10	—	*b*	6	20
N. of England	1	*	4	*	4	21	20	2	96	4	24
Midlands and Wales ...	1	1	5	*	1	22	19	35	59	19	24
S. and E. England ...	2	2	2	1	2	21	23	36	22	12	28

a—Percentage who purchased *any* durable good costing £25 or more.
b—Insufficient data available to make a reliable estimate.

cycles, above that age television was always the most popular. For those over 35 these particular durables form about fifty per cent of all durable goods bought, which is a much larger percentage than at younger ages when people were probably setting up home and buying such things as furniture. It is again noticeable that very few people in Scotland bought any of these goods.

The particular durable good that the largest percentage of owners had bought during the year was television sets (forty three per cent); the smallest percentage had bought refrigerators (eleven per cent) ; the other goods coming roughly half way between these two. This applies not only to all income units but to practically all the sub-groups.

As would be expected, a smaller percentage of those who own any of these goods had bought them during the previous twelve months, in the older than in the younger age groups. (The comparatively small percentage of owners of television sets aged between 45 and 55 who had purchased in the previous year is probably due to fluctuations of sampling). That more of the clerical and sales group than the general average had bought during the year is probably explained by this group containing a large number of young people. Regionally the features are the small numbers in buying in Scotland and the much smaller proportion of owners of television sets in the South of England who had purchased their set in the previous year than elsewhere.

V. Conclusions

1. The major factor determining ownership of these durable goods is income.
2. Ownership of cars and refrigerators is concentrated in the hands of the rich more than ownership of the other goods.
3. Very few people other than the well-to-do own refrigerators. Most refrigerator owners have previously bought one of the other durable goods.
4. A much smaller proportion of income units in Scotland than in England and Wales own these particular durable goods.
5. Motor cycles, which are often a substitute for a car, are owned principally by the under thirty fives and the medium income groups.
6. Television is most favoured by the middle aged and the self-employed.
7. Television sets were purchased much more frequently in the period 1951–2 than any of the other durable goods under discussion, and a very large percentage of those who owned television sets in May 1952 had bought them during the previous twelve months.
8. As a proportion of all durable goods bought the five items singled out in this paper were less important in the case of the younger age groups and more important in the case of the upper income groups.

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Symbols employed : — = nil. * = less than a half of one per cent.